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ABSTRACT

The purpose of this study is to ascertain and describe the impact of Northwest Alabama State Junior College on the economy of Franklin, Lawrence, Marion, and Winston Counties. Real dollar economic impact is reflected by the expenditures of the college and its faculty, staff, and students. These expenditures, totaling $5,699,746 in 1973, create income for other individuals and organizations and encourage the expansion of the local economy. The study reports the types of expenditures and their dollar values. Data for this study were collected from the appropriate offices of the U. S. Bureau of the Census, applicable college records, and from a survey of students/faculty/staff at the college. Designs by the American Council on Education were utilized in the computations of economic data. (Author)

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THE NORTHWEST ALABAMA STATE JUNIOR COLLEGE ECONOMIC IMPACT STUDY

by

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and

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Institute of Higher Education Research and Services
The University of Alabama
University, Alabama 35486

Summer 1974

JC 750 009

PREFACE

Northwest Alabama State Junior College is an accredited Junior College enrolling some 889 students. It is located in Phil Campbell, Alabama nestled in the foothills of the Appalachian Mountains. The campus is 970 feet above sea level and is approximately 30 miles south of the populous Quad-Cities Area and the Tennessee Valley and also 90 miles northwest of Birmingham. The present campus consists of approximately 100 acres of land.

Northwest Alabama State Junior College was authorized by the Alabama Legislature under Act Number 888, approved September 8, 1961. Northwest began operation in September of 1963 and in November of 1963 became a part of the state system of junior colleges authorized by the Alabama Legislature under Act Number 93, approved May 3, 1963. This institution is under the control of the State Board of Education, and is an accredited member of the Southern Association of Colleges and Schools. The college also holds membership in the American Association of Community and Junior Colleges.

The purpose of this study is to ascertain and describe the impact of Northwest Alabama State Junior College on the economy of Franklin, Lawrence, Marion, and Winston counties. It is hoped that the analyses and findings of this study will enhance the continuing progress of education, social, and economic growth in the community which Northwest Alabama State Junior College serves.

This study was conducted by the Institute of Higher Education Research and Services at The University of Alabama with the cooperation of Northwest Alabama State Junior College. Data for this study were collected from the appropriate offices of the U.S. Bureau of the Census, applicable college records, and from a survey of students/faculty/staff at the college. Designs by the American Counsel on Education were utilized in the computations of economic data.

This study was conducted in 1974, using data from 1973 as the basis for all computations.

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Summer, 1974

INTRODUCTION

The total economic impact of a college on its community includes the benefits that community receives and the costs it incurs. The benefits can be classified into the tangible dollar expenditures of people associated with the college and the intangible benefits which surround the existence of a college.

At Northwest the social costs of higher education are small when pitted against the benefits of the college. Tax exemptions granted the college by virtue of its state status are not significant when compared to tax write-offs given other industries. Many people feel that colleges and universities bring with their existence problems of added social costs to the community due to increased student population, alteration of neighborhoods, and added municipal services. Northwest Alabama State Junior College does not bring about any of these social costs problems to any significant degree.

The institution pays off its own municipal services and does not add a service burden to the county or city. The commuter nature of Northwest makes it free of the problem or increased student population in the city and county. The outlying location of Northwest is an addition

to the city and county, rather than a problem. Many years will pass before the campus is surrounded by neighborhoods.

In fact, there are many institutional contributions to the community which are not tangible. Some of these are: (1) Desirable effects on the local culture and the quality of life in Franklin County and elsewhere; (2) the practical value of education to the students who receive it, in personal growth and life income terms; and (3) the impact of Northwest on knowledge-based industries. These factors cannot be measured in real dollars with great precision, yet they are highly significant to a community.

The real dollar economic impact Northwest Alabama State Junior College has on the survey area* can be measured rather precisely, and is reflected by the expenditures of the College and its faculty, staff, and students. The money generated by NASJC is similar to the value added to the community by other major institutions or businesses. These additional dollars create income for other individuals and organizations and encourage the expansion of the local economy.

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*The survey area includes four counties (Franklin, Lawrence, Marion, Winston) which comprise the principal area in which Northwest students live or state to be their home. The educational service area of Northwest includes approximately eight counties (Franklin, Lawrence, Marion, Winston, Colbert, Lauderdale, Walker, Fayette).

Section I

Profile of the Northwest Alabama State Junior College Community

According to the 1970 Census data, the total population of the four counties in the survey area was 91,656. Although other counties in the service area of the college contributed to the economic welfare of the community, they were not included in the survey because their contributions were not ascertained to be statistically significant. Northwest enrolls approximately 889 students of which 15 percent rent houses or apartments in the community, 35 percent own their own home and 50 percent live with relatives. The College employs 58 faculty, nine administrators and 24 staff. Of this number, five live out of the survey area.

The Northwest Alabama State Junior College population of approximately 980 individuals is relatively small in relation to the Northwest Alabama area. However when the purchasing power of this group is identified the effect on the local economy is significant. A yearly total of $5,699,746 is added to the economy of Phil Campbell and Franklin County by the College Community.

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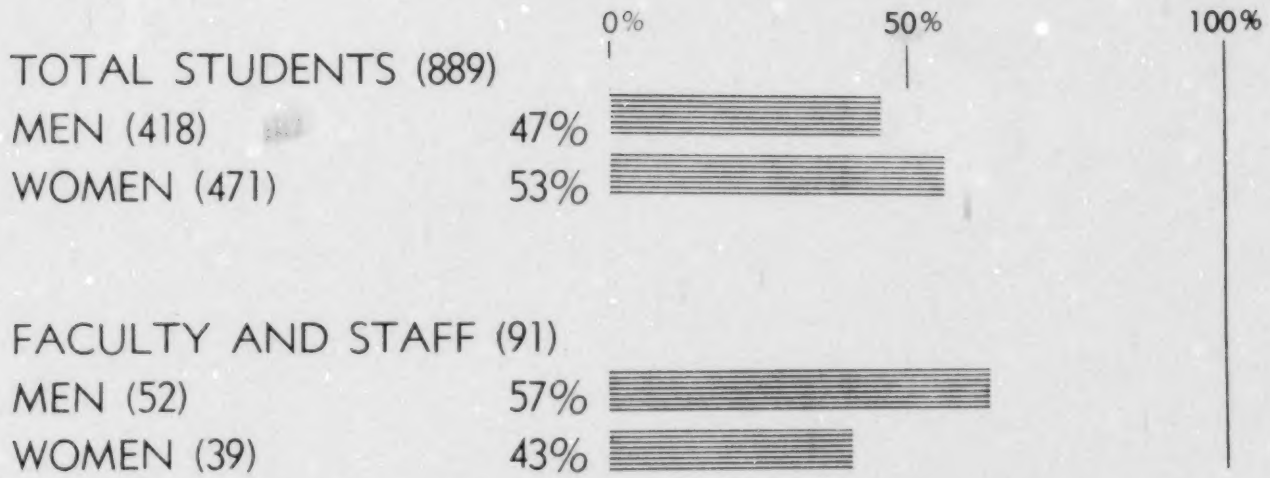
FACULTY, STAFF AND STUDENT POPULATION



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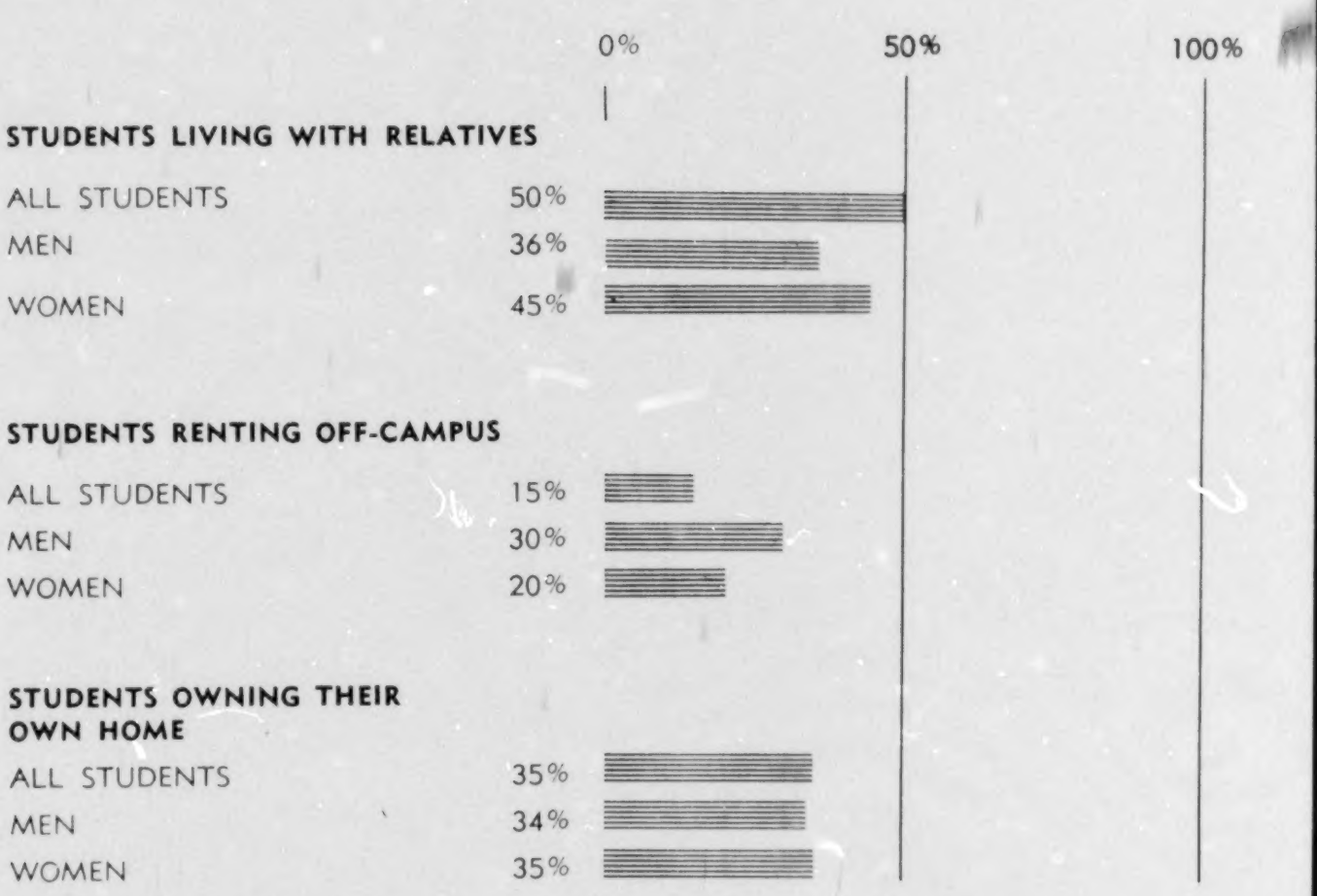
WHERE STUDENTS LIVE



Section II

Expenditures for Plant Operation and Capital Improvements by the College and Community

Capital improvements by the College and Northwest Community members amounted to approximately $510,940 in 1973. This amount comprises new home construction and home improvements by faculty, staff and students, plus capital expenditures and improvements by the college.

Northwest spent $383,340 for plant operation and maintenance in 1973. Some of the categories included in operation and maintenance were custodial expenses, maintenance of buildings, grounds, and walks, and campus security.

Home owners spent approximately $27,500 on capital improvements during the year. Home construction by faculty, staff, and students amounted to $100,100.

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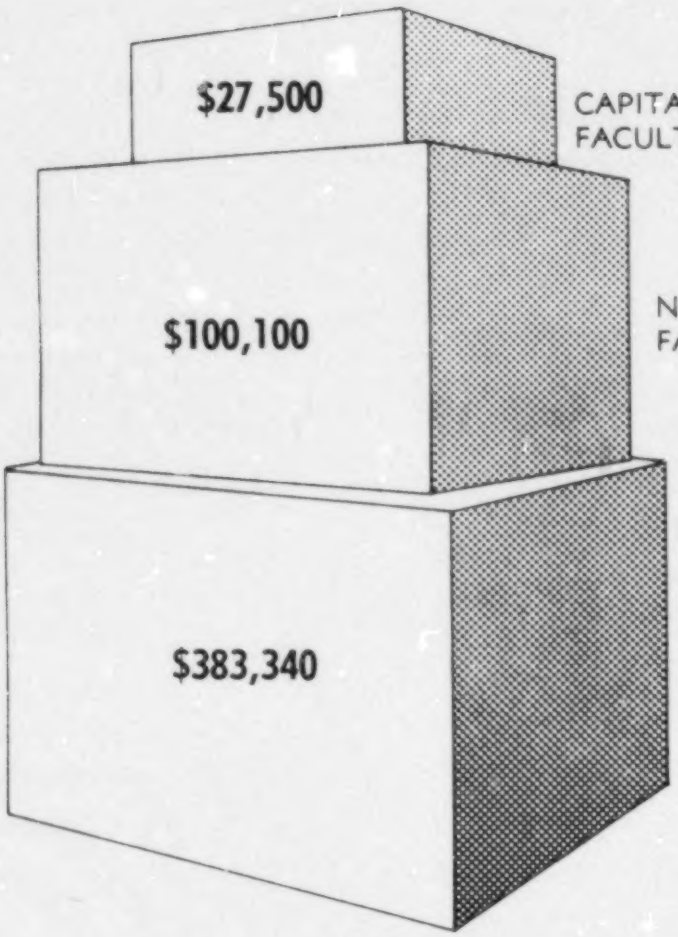
EXPENDITURES FOR PLANT OPERATION AND CAPITAL IMPROVEMENTS BY THE COLLEGE AND COMMUNITY



CAPITAL IMPROVEMENTS
FACULTY, STAFF AND STUDENT HOME OWNERS

NEW HOME CONSTRUCTION BY
FACULTY, STAFF AND STUDENTS

PLANT OPERATION AND
MAINTENANCE
BY THE COLLEGE

Improvements	$ 27,500.00
New Home Construction	100,100.00
College Maintenance	383,340.00
Total Expenditures	**$510,940.00**

Section III

Expenditures for Housing

Dollars spent for housing by faculty, staff and students living with relatives or renting or buying houses amounted to $156,790 in 1973. The average monthly amounts paid for rental and mortgage house payments were $230 for faculty and $128 for students.

The total housing expenditure for faculty and staff was $20,930 per year while students spent $135,860 for housing.

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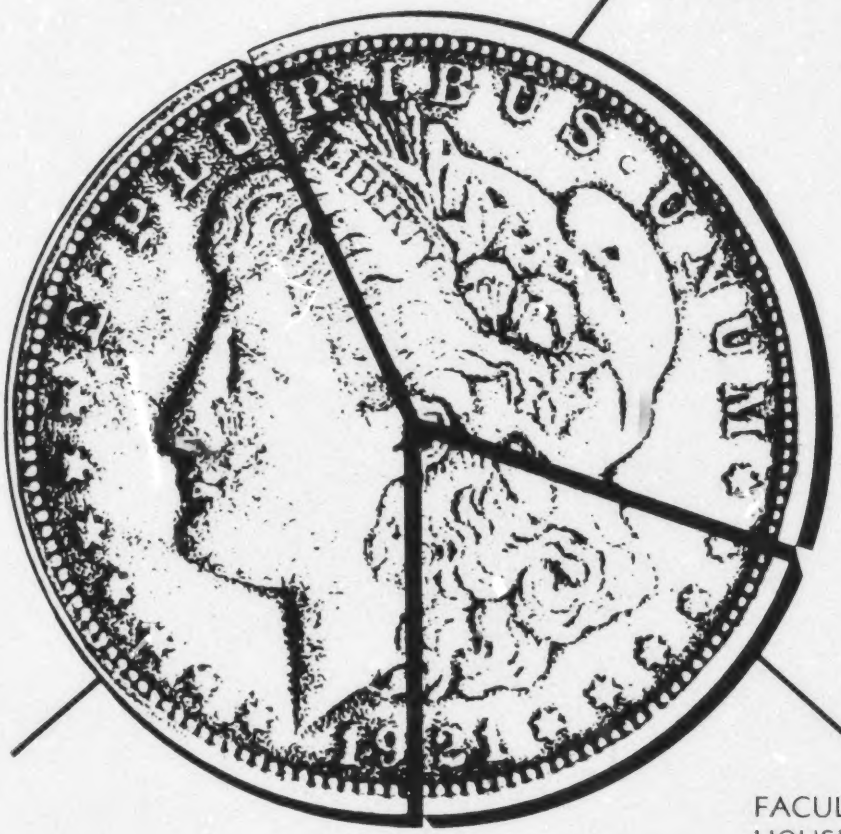
HOUSING EXPENDITURES



STUDENTS
LIVING WITH
RELATIVES
$67,930

STUDENT
OFF-CAMPUS
HOUSING
$67,930

FACULTY, STAFF
HOUSING
$20,930

Students Living Off Campus	$67,930.00
Students Living With Relatives	67,930.00
Faculty - Staff Housing	20,930.00
Total Housing Expenditures	**$156,790.00**

Section IV

Utility Usage

Utility payments for members of the College Community amounted to $331,650 in 1973. This figure includes payments for gas, water and electricity. In addition, the College paid approximately $30,000 for these utilities, for a total of $361,650.

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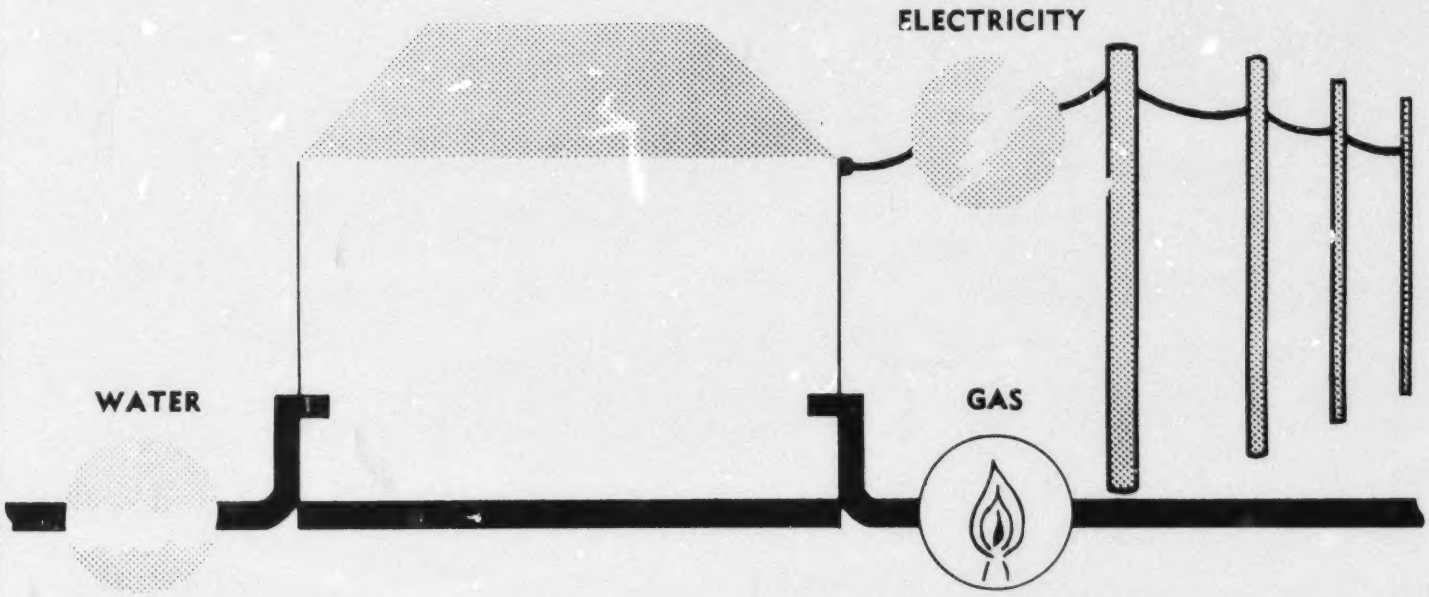
UTILITY USAGE



NORTHWEST COMMUNITY	$331,650.00
COLLEGE	30,000.00
TOTAL	**$361,650.00**

Section V

Cost of Communication

Communication is an important aspect of the College Community. In 1973, a total of $237,600 was spent by individuals and approximately $25,000 by the College. Communication expenditures include telephone, telegraph, mail, and miscellaneous communication media.

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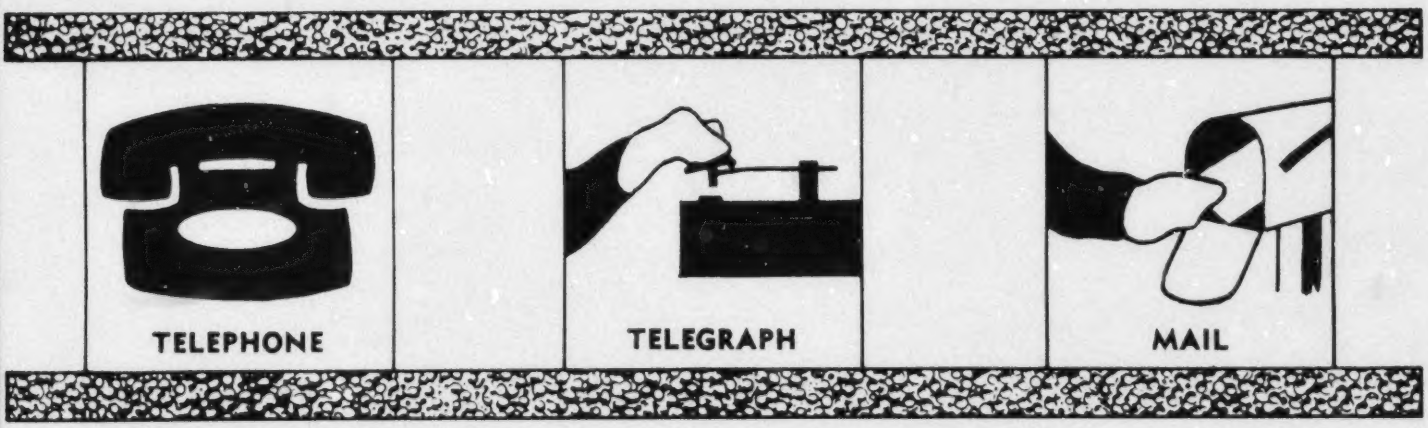
COMMUNICATION EXPENDITURES



NORTHWEST COMMUNITY	$237,600.00
COLLEGE	25,000.00
TOTAL	**$262,600.00**

Section VI

Expenditures for Clothing

New clothing purchases for 1973 totaled $213,840 for the College Community. Average clothing purchases for each student and faculty/staff member amounted to approximately $218.00 annually. This was an important contribution to both large and small retailers in the area, as well as to local clothing wholesalers.

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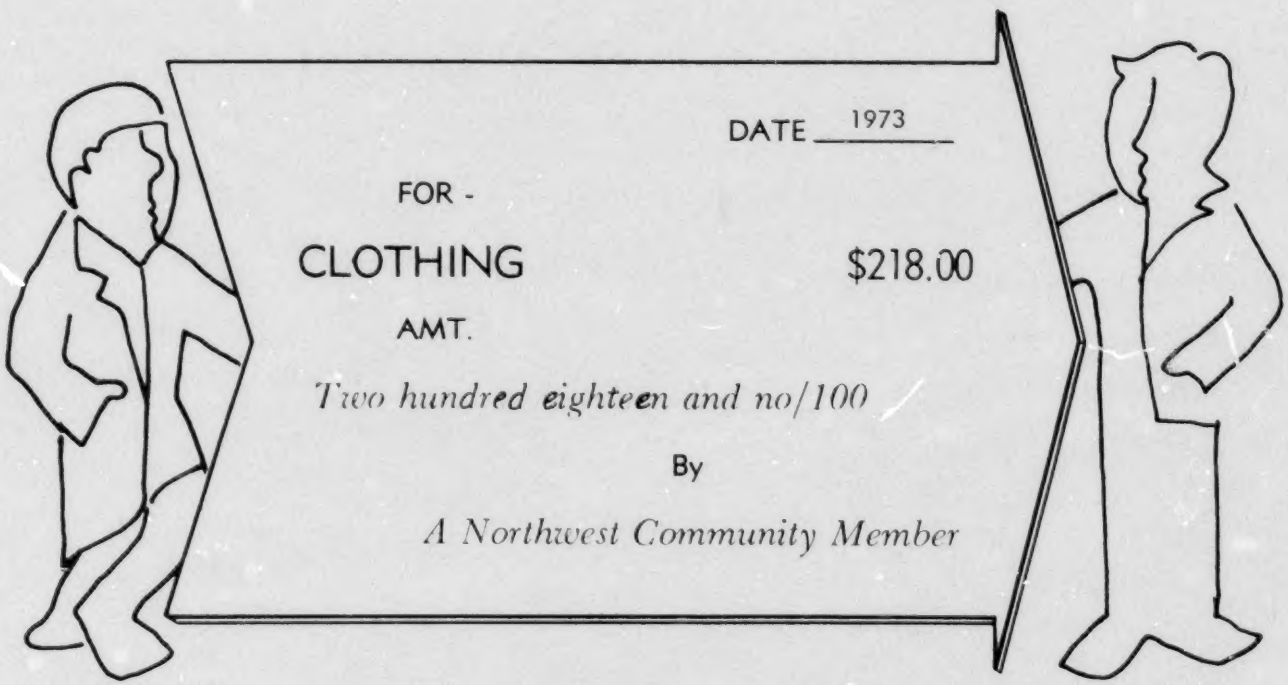
CLOTHING EXPENDITURES



NORTHWEST COMMUNITY MEMBER

SALESPERSON

Total Clothing Expenditures $213,840.00

Section VII

Use of Services

The College Community spent $748,080 in 1973 for services in the survey area. In addition to medical services covered by insurance, the Northwest Community spent $336,636 for medical care.

Medical services accounted for 45 percent or the largest single expenditure in this category. About 55 percent of the money was spent on beauticians, barbers, dry cleaning, laundry, and miscellaneous services.

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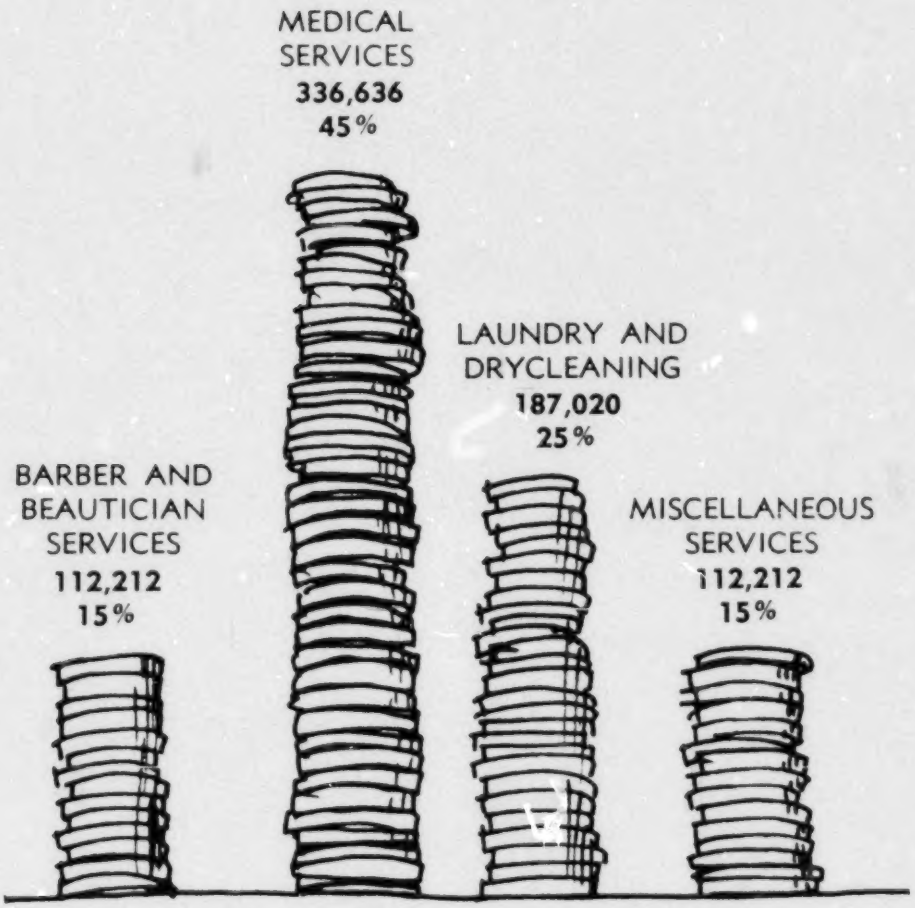
USE OF SERVICES



Laundry and Dry Cleaning	$187,020.00
Medical Services	336,636.00
Barber and Beautician	112,212.00
Miscellaneous Services	112,212.00
Total Services Used	**$748,080.00**

Section VIII

Travel Expenses

Local Travel expenses by members of the College Community amounted to $610,650 in 1973. Approximately half of this amount was spent in school related activities. In addition to individual expenditures, the College spent approximately $22,113 on travel, for a total of $632,763.

The local transportation economy was aided by the expenditures of the College Community. Gasoline dealers and repair shops were the principal recipients of this money.

Section IX

Food Purchases

The food budget of the College Community amounting to over $1.4 million is the largest single expenditure by members of the group.

The College Community member spends about 40 percent of his or her food budget for meat, dairy products, eggs, fruits, and vegetables. Another 20 percent goes for staple groceries, 19 percent for beverages and snacks, 15 percent for eating out and six percent for miscellaneous.

The local wholesaler and retailers are the principal beneficiaries of the expenditures for groceries, meats, baking products, dairy products, beverages, poultry and eggs. The expenditures for food by the Northwest Community are vital economic factors for the Phil Campbell area residents who are directly or indirectly dependent upon the sale of agricultural products for their income.

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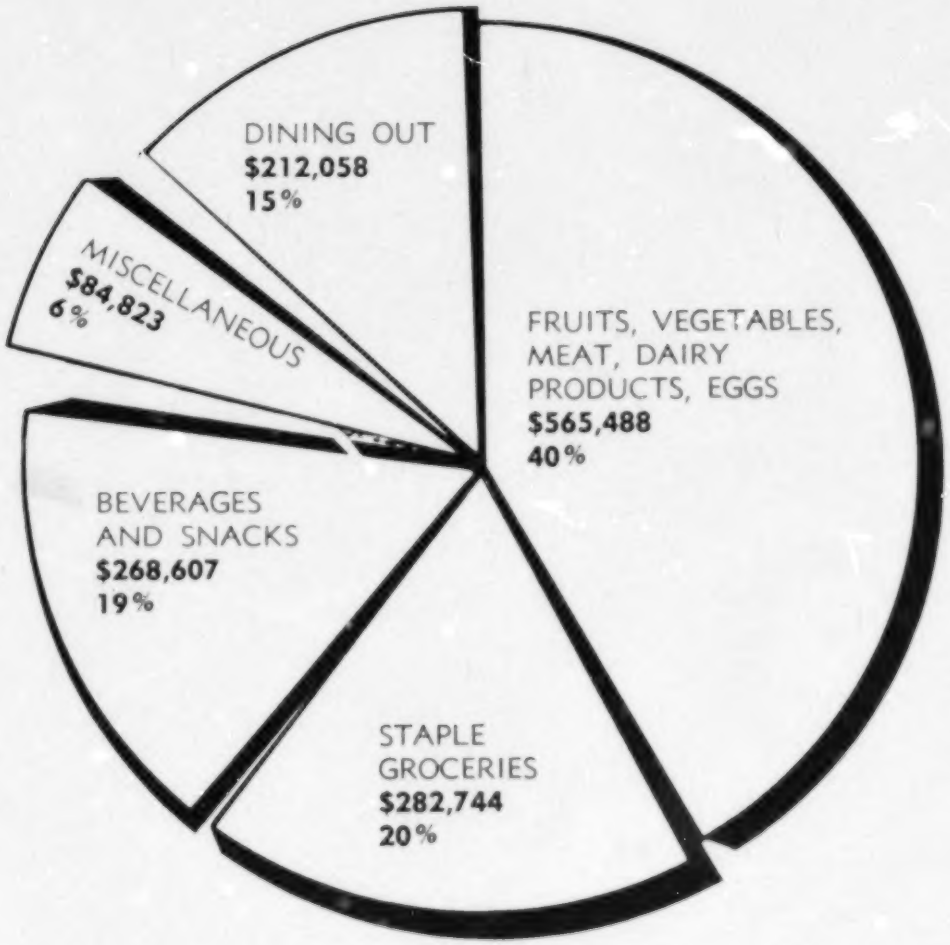
FOOD PURCHASES



Dining Out	$ 212,058.00
Fruits, Vegetables, Dairy Products, Meat, Eggs	565,488.00
Beverages and Snacks	268,607.00
Staple Groceries	282,744.00
Miscellaneous	84,823.00
Total Food Purchases	**$1,413,720.00**

Section X

Cultural, Religious and Entertainment Expenses

The College Community spends some $49,500 each month on entertainment, religious and cultural activities in the Northwest survey area. Local organizations such as churches, movie theaters, civic organizations and other places offering recreation facilities profit from this dollar expenditure by the College Community.

The total 1973 expenditure of $594,000 for cultural, religious and entertainment activities was spread into many diverse sections of the survey area. As a result of this diversity it was not highly visible. However, it helped many persons to maintain their jobs and businesses.

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ENTERTAINMENT AND CULTURE

CHURCH

☆

MOVIES

☆

RECREATION

☆

CIVIC
ORGANIZATIONS

Total Expenditures **$594,000.00**

Section XI

Expenditures for Personal Care Items

The students, faculty and staff of Northwest spent $247,500 for personal care items in 1973. Of this total amount, approximately 40 percent went for miscellaneous toiletries, 28 percent for over-the-counter drugs, 19 percent for tobacco products, five percent for hair care products, another five percent for shaving and cosmetics, and three percent for other health products.

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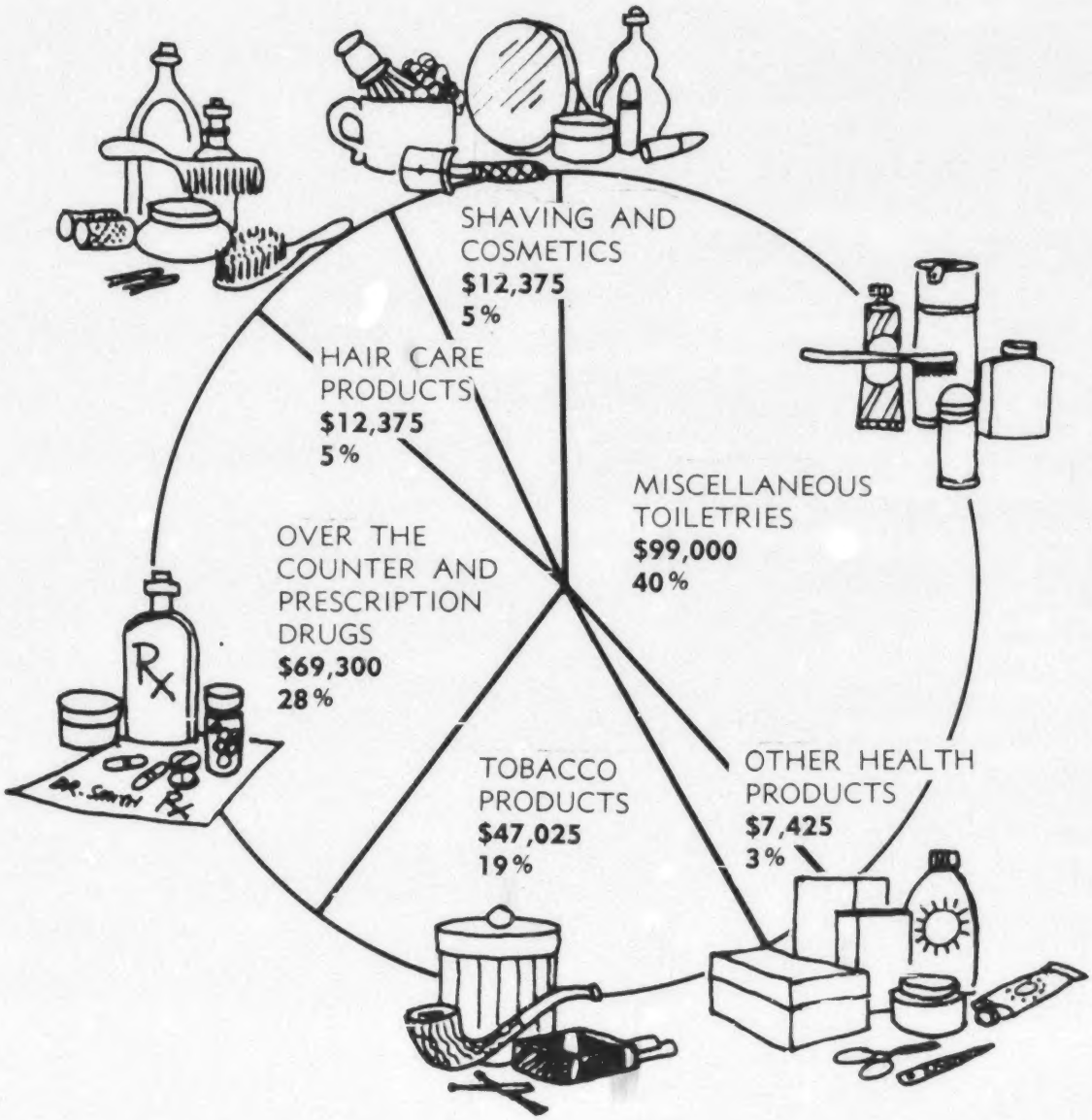
PERSONAL CARE EXPENDITURES



Shaving and Cosmetics	$ 12,375.00
Hair Products	12,375.00
Drugs	69,300.00
Tobacco Products	47,025.00
Miscellaneous Toiletries	99,000.00
Other Health Products	7,425.00
Total Personal Care Items	**$247,500.00**

Section XII

Insurance Coverage

Most members of the College Community feel that it is necessary to have some insurance coverage. Students, faculty and staff employees have insurance policies in areas which cover loss of income, damage to and loss of property, and liability for damage to others. They also hold life and health insurance policies.

Individuals affiliated with Northwest spent $117,998 for hospital insurance, $188,050 for automobile insurance, $154,746 for life insurance, $72,131 for accident insurance and $24,938 for household insurance. The total expenditure by individuals for insurance was $557,863.

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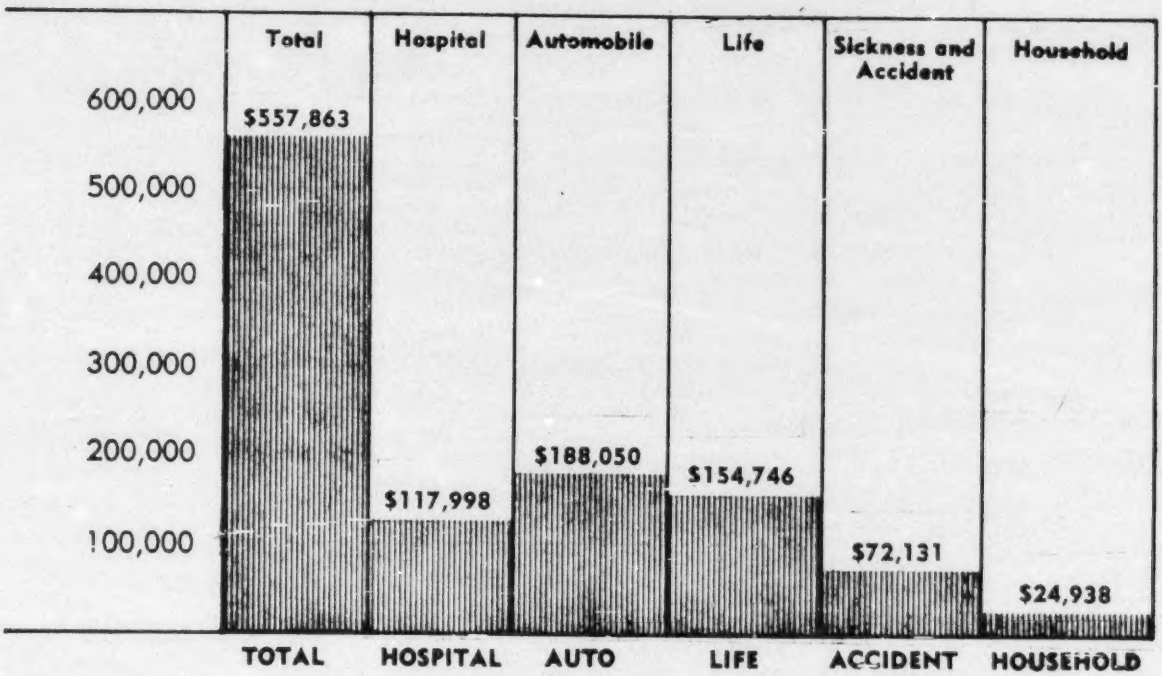
INSURANCE COVERAGE

By Northwest Community Members



INSURANCE	COVERAGE*
HOSPITAL	$117,998.00
AUTOMOBILE	188,050.00
LIFE	154,746.00
SICKNESS, ACCIDENT	72,131.00
HOUSEHOLD	24,938.00
TOTAL	**$557,863.00**

*Estimates based on average coverage of members of the age group of students and faculty in Alabama.

Section XIII

Average Bank Deposits

The bank deposits by the College, staff members and students are important to the bank establishments of The Northwest survey area. Students averaged a monthly checking and savings account balance of $679 while faculty/staff averaged a monthly combined balance of $3466 for checking and savings. The combined monthly checking and savings balance for students, faculty, and staff was $919,037. In addition, the average monthly balance for the College was $168,171. The total monthly average balance of checking and savings accounts by members of the College Community and the College was $1,087,208.

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AVERAGE BANK DEPOSITS

NORTHWEST COMMUNITY MEMBER	INDIVIDUAL CHECKING AND SAVINGS ACCOUNT BALANCE	NUMBER OF COMMUNITY MEMBERS	TOTAL BANK BALANCE OF CHECKING AND SAVINGS ACCOUNTS
STUDENT	$ 679.00	889	$ 603,631.00
FACULTY, STAFF	$ 3,466.00	91	$ 315,406.00
COLLEGE DEPOSITS	$168,171.00	1	$ 168,171.00
		AVERAGE MONTHLY DEPOSITS	$1,087,208.00

Section XIV

Use of Credit

Over 60 percent of the members of a typical college community indicate they make credit purchases regularly. In the Northwest Commun.ty this amounted to credit purchases of $791,200 in 1973. The purchases included everything from large-ticket items such as automobiles, televisions, and furniture, to small charges such as cosmetics, gasoline, and medication.

Few Northwest students have credit accounts of their own. Most of them use the accounts of relatives. It is estimated that 75 percent of all families in the Northwest survey area use some type of credit from local sales institutions.

The area in which credit purchases were the greatest included automobile, food, clothing, services, household improvements and housing.

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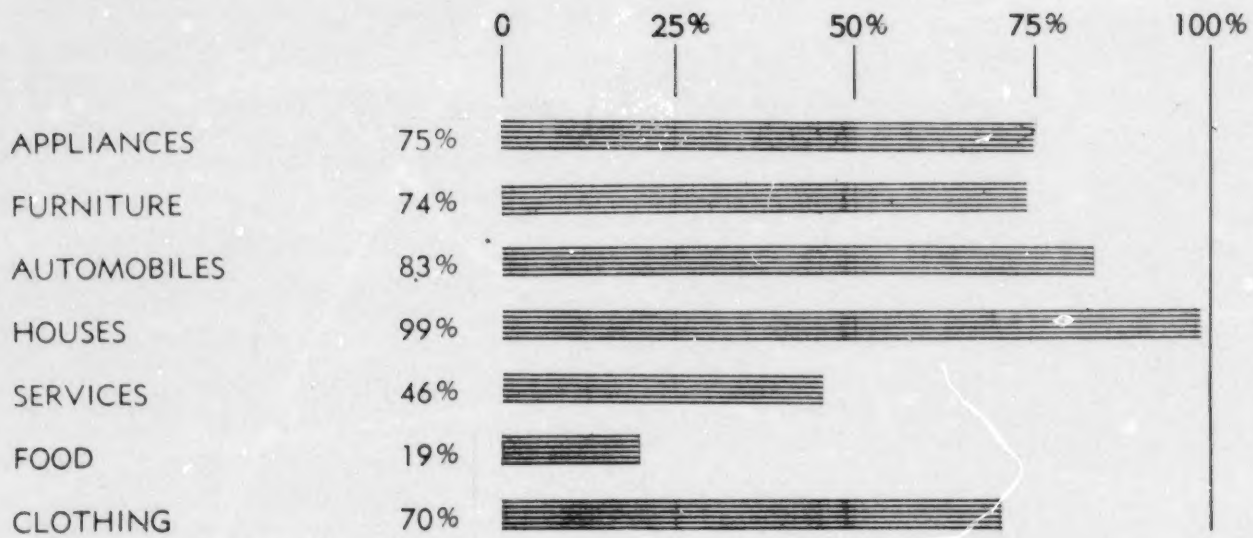
USE OF CREDIT

By Individuals



TOTAL CREDIT PURCHASES **$791,200.00**

SUMMARY OF THE ESTIMATED
REAL DOLLAR IMPACT OF THE COLLEGE
COMMUNITY ON THE NORTHWEST ALABAMA
AREA IN 1973

Plant Operation/Improvements	$ 510,940
Housing	156,790
Utilities	361,650
Communication	262,600
Clothing	213,840
Services	748,080
Travel	632,763
Food	1,413,720
Entertainment and Culture	594,000
Personal Care	247,500
Insurance	557,863
	$ 5,699,746

Additional Data

The dollar amounts reflected here did not directly influence the economic impact Northwest had on the economy; however, they had a very important impact and serve to show the importance of the college in the community.

Credit purchases by members of the Northwest Community amounted to $791,200. Bank deposits in local banks by the College Community amounted to $1,087,208. In addition, the Northwest Community and College paid $505,037* in taxes to various governments.

In total the college spent $1,024,581.66 in 1973 of which $643,111.52 was faculty and staff salaries.

* includes sales, use, income, social security, and other taxes based on student, faculty and staff incomes.

UNIVERSITY OF CALIF.
LOS ANGELES

JAN 10 1975

CLEARINGHOUSE FOR
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INFORMATION